



Department of Energy
Strategic Petroleum Reserve Project Management Office
900 Commerce East
New Orleans, Louisiana 70123

February 3, 2005

TO PROSPECTIVE OFFERORS:

**AMENDMENT 001 TO REQUEST FOR OFFERS ON DE-RP96-05PO54800 FOR
ROYALTY-IN-KIND EXCHANGE**

This Amendment 001 to the subject solicitation incorporates the following changes which are delineated by a vertical line in the margin.

- Substitute the enclosed Page 9 (amended 2/03/05) which revises Provisions A.7.d. (1) and A.7.e.
- Substitute the enclosed Page 13 (amended 2/03/05) which revised Provision B.1.i.

The closing date for receipt of offers remains February 9, 2005, at 1100 hours (11:00 a.m.) local New Orleans, Louisiana time.

Sincerely,

A handwritten signature in black ink, appearing to read "M. G. Waggoner", is positioned above the printed name.

M. G. Waggoner
Contracting Officer

Enclosure

A.7 Adjustment for Quality Differential for Exchange Oil

- a. A quality differential shall be computed for each cargo of exchange oil delivered to the DOE as compared to the contracted quality specifications (American Petroleum Institute (API) Gravity and Sulfur mass percent listed in Exhibit E) of the exchange oil to be delivered.
- b. Laboratory tests for API Gravity and Sulfur mass percent, in accordance with tests methods listed in Exhibit F, shall be taken when custody of the exchange oil is passed to the DOE.

Note: The quality differential adjustments for the exchange oil delivered by the Contractor to the DOE will only apply in those instances wherein the quality of the crude oil being returned to the Government is below that of the exchange oil to be delivered to the Government listed in the Contractor's award. Specifically, the Government shall not be liable for any quality increase of the Contractor's exchange oil that is above the crude oil quality specifications listed in the contract for the Contractor's return of exchange oil.

- c. The allowable variations from the contracted quality are as follows:

<u>Quality Characteristics</u>	<u>Sour</u>	<u>Sweet</u>
API° Gravity	- 0.5	- 0.5
Sulfur - Mass, %	+ 0.20	+ 0.10

- d. Where practicable, to avoid monetary adjustments, the quality adjustments shall be paid in crude oil based on the following rates:

- (1) API Gravity: Adjustment for Sour crude oil is 1.5¢ per barrel for each 1/10th degree (0.1°) decrease in API Gravity by which the allowable variation set forth above is exceeded. Adjustment for Sweet crude oil is 2¢ per barrel for each degree (1.0°) decrease in (API) Gravity, or part thereof, (rounded up to next whole degree) by which the allowable variation set forth above is exceeded.
- (2) Total Sulfur: 1.0¢ per barrel for each 1/100th percent (0.01%) increase in total sulfur by which the allowable variations set forth above are exceeded.

- e. If the exchange oil delivered to the DOE falls below the minimum specification for API Gravity, or above the maximum specification for sulfur, as defined in Exhibit F, a quality differential adjustment will be applied, in accordance with Paragraph A.7.d., without a variance allowance on that portion exceeding the specification limit. Should successive shipments fail to meet these specifications, the stream may be unacceptable for future receipts.
- f. If delivery of the crude oil to the SPR is made using the Contractor's tankage containing dissimilar oil characteristics, quality determination will be made, at the Government's option, using the test results from the destination SPR site delivery point.
- g. There is a limit of 0.1% freewater on delivery to the SPR as measured either by

ATTN: M. G. Waggoner, FE-4451, Room 100
U.S. Department of Energy
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900 Commerce Road East
New Orleans, LA 70123

- i. Place the name and address of the Offeror in the upper left corner and the following information in the lower left corner on the face of the envelope: Solicitation of Offers: DE-RP96-05PO54800
- j. Offerors may submit facsimile offers under this solicitation. Facsimile offers shall arrive at the place, and by the time, specified in the solicitation. This means the submission of a faxed offer must be completely received by the time set for closing to be considered timely (see Paragraph B.4). Offerors should use facsimile number: (504) 818-5444.
- k. By the submission of an offer, the Offeror agrees to be bound by the terms and conditions of this solicitation.
- l. All offers in response to this solicitation and all modifications of offers shall be in the English language. All correspondence between Offerors and DOE shall be in the English language.
- m. An offer must remain firm for 72 hours from official time for receipt of offers unless otherwise indicated on the offer form at Exhibit B.

B.2 Offer Guarantee

- a. Each offeror must submit an acceptable offer guarantee for each offer submitted unless multiple offers are submitted with the stipulation that only one offer is to be considered for award. Each offer guarantee must be received at the place and time specified for receipt of offers no later than the time and date set for receipt of offers.
- b. An offeror's failure to submit a timely acceptable guarantee will result in rejection of its offer. A properly executed copy of the offer guarantee(s) may be faxed to the telephone number listed in Section B.1.j.
- c. The amount of each offer guarantee is \$3 million.
- d. Each offeror must submit an irrevocable standby letter of credit from a U.S. depository institution containing the substantive provisions set out in Exhibit G, Offer Standby Letter of Credit, all letter of credit costs to be borne by the offeror. If the letter of credit contains any provisions at variance with Exhibit G or fails to include any provisions contained in Exhibit G, nonconforming provisions must be deleted and missing substantive provisions must be added or the letter of credit will not be accepted. The depository institution must be located in and authorized to do business in any state of the United States or the District of Columbia, and authorized to issue letters of credit by the banking laws of the United States or any